

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Wolverine	County Cheboygan
Audit Date 2/28/06	Opinion Date 7/20/06	Date Accountant Report Submitted to State 8/31/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury

We affirm that:

- 1 We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised
- 2 We are certified public accountants registered to practice in Michigan.

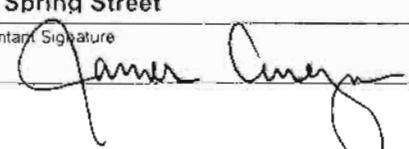
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended)
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132])
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year)
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241)
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95)

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations			✓
Reports on individual federal financial assistance programs (program audits)			✓
Single Audit Reports (ASLGU)			✓

Certified Public Accountant (Firm Name) Hill, Schroderus & Co., LLP			
Street Address 923 Spring Street	City Petoskey	State MI	ZIP 49770
Accountant Signature 		Date 8/31/06	

**FINANCIAL REPORT
VILLAGE OF WOLVERINE
FEBRUARY 28, 2006**

**VILLAGE OF WOLVERINE
FINANCIAL REPORT
February 28, 2006**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	2
Statement of Activities	3
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	5
Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Notes to Financial Statements	8-15
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund	16
Major Street Fund	17
Local Street Fund	18



Hill • Schroderus & Co., LLP

Certified Public Accountants & Consultants

July 20, 2006

Independent Auditors' Report

Village President and Council
Village of Wolverine
Cheboygan County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Wolverine, Michigan, as of and for the year ended February 28, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village of Wolverine, as of February 28, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Village of Wolverine has not presented management's discussion and analysis that accounting principles generally accepted in the United State of America has determined to supplement, although not required to be part of the basic financial statements.

Hill Schroderus & Co.

CERTIFIED PUBLIC ACCOUNTANTS
Petoskey, Michigan

VILLAGE OF WOLVERINE
Statement of Net Assets
February 28, 2006

Assets

Current Assets

Cash	\$ 137,422
Taxes receivable	5,943
Due from other governmental units	20,594
Prepaid expenditures	3,340
	<hr/>
Total current assets	167,299
	<hr/>

Noncurrent Assets

Capital assets	374,229
Less: accumulated depreciation	(203,803)
	<hr/>
Total noncurrent assets	170,426
	<hr/>
Total assets	\$ 337,725
	<hr/> <hr/>

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 8,167
Accrued expenses	1,886
Notes payable, due within one year	7,104
	<hr/>
Total current liabilities	17,157

Noncurrent Liabilities

Notes payable	11,168
	<hr/>
Total liabilities	28,325
	<hr/>

Net Assets

Invested in capital assets, net of related debt	152,154
Restricted for:	
Metro Act expenditures	5,308
Liquor taxes	2,728
Unrestricted	149,210
	<hr/>
Total net assets	309,400
	<hr/>
Total liabilities and net assets	\$ 337,725
	<hr/> <hr/>

VILLAGE OF WOLVERINE
Statement of Activities
For the Year Ended February 28, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 40,888	\$ -	\$ -	\$ -	\$ (40,888)
Public safety	1,390	684	-	-	(706)
Public works	105,909	5,906	55,774	-	(44,229)
Recreation and cultural	14,802	-	-	-	(14,802)
Unallocated depreciation	9,179	-	-	-	(9,179)
Total governmental activities	\$ 172,168	\$ 6,590	\$ 55,774	\$ -	\$ (109,804)
General revenues:					
Property taxes					44,765
State-shared revenues					40,365
Interest and rentals					3,076
Miscellaneous					1,368
Total general revenues					89,574
Change in net assets					(20,230)
Net assets - beginning of year					329,630
Net assets - end of year					\$ 309,400

See accompanying notes to the basic financial statements.

VILLAGE OF WOLVERINE
Balance Sheet
Governmental Funds
February 28, 2006

	<u>Assets</u>	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Total Governmental Funds</u>
Cash		\$ 75,345	\$ 46,683	\$ 15,394	\$ 137,422
Taxes receivable		4,245	-	1,698	5,943
Due from other funds		-	-	1,539	1,539
Due from other governmental units		6,439	7,095	7,060	20,594
Total assets		<u>\$ 86,029</u>	<u>\$ 53,778</u>	<u>\$ 25,691</u>	<u>\$ 165,498</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable		\$ 756	\$ -	\$ 7,411	\$ 8,167
Accrued expenses		1,886	-	-	1,886
Due to other funds		1,539	-	-	1,539
Total liabilities		<u>4,181</u>	<u>-</u>	<u>7,411</u>	<u>11,592</u>
Fund balances					
Reserved for:					
Metro Act expenditures		5,308	-	-	5,308
Liquor taxes		2,728	-	-	2,728
Unreserved		<u>73,812</u>	<u>53,778</u>	<u>18,280</u>	<u>145,870</u>
Total fund balances		<u>81,848</u>	<u>53,778</u>	<u>18,280</u>	<u>153,906</u>
Total liabilities and fund balances		<u>\$ 86,029</u>	<u>\$ 53,778</u>	<u>\$ 25,691</u>	<u>\$ 165,498</u>

VILLAGE OF WOLVERINE
Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Assets
February 28, 2006

Total Fund Balance - Governmental Funds	\$ 153,906
---	------------

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the governmental funds
balance sheet

Cost of capital assets	374,229
Accumulated depreciation	(203,803)

Prepaid insurance costs are not available for current-period expenditures and therefore are not reported in the governmental funds.	3,340
---	-------

Payments on notes are recognized as an expenditure when it is due in the governmental funds. However, in the statement of activities, future notes payable are reported as current and long-term liabilities.	<u>(18,272)</u>
---	-----------------

Net Assets of Governmental Activities	<u><u>\$ 309,400</u></u>
---------------------------------------	--------------------------

VILLAGE OF WOLVERINE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended February 28, 2006

	General	Major Street	Local Street	Total Governmental Funds
Revenues				
Taxes	\$ 32,510	\$ -	\$ 12,255	\$ 44,765
State revenues	41,049	38,336	17,438	96,823
Charges for services	5,906	-	-	5,906
Interest and rentals	2,217	515	344	3,076
Other	1,368	-	-	1,368
Total revenues	<u>83,050</u>	<u>38,851</u>	<u>30,037</u>	<u>151,938</u>
Expenditures				
Current:				
General government	40,888	-	-	40,888
Public safety	1,390	-	-	1,390
Public works	16,675	21,220	68,014	105,909
Recreation and cultural	14,802	-	-	14,802
Capital outlay	21,261	-	-	21,261
Debt service	2,989	-	-	2,989
Total expenditures	<u>98,005</u>	<u>21,220</u>	<u>68,014</u>	<u>187,239</u>
Excess (deficiency) of revenues over expenditures	<u>(14,955)</u>	<u>17,631</u>	<u>(37,977)</u>	<u>(35,301)</u>
Other financing sources (uses)				
Operating transfers in	-	-	10,553	10,553
Operating transfers out	-	(10,553)	-	(10,553)
Loan proceeds	21,261	-	-	21,261
Total other financing sources (uses)	<u>21,261</u>	<u>(10,553)</u>	<u>10,553</u>	<u>21,261</u>
Net change in fund balances	<u>6,306</u>	<u>7,078</u>	<u>(27,424)</u>	<u>(14,040)</u>
Fund balances - beginning of year	<u>75,542</u>	<u>46,700</u>	<u>45,704</u>	<u>167,946</u>
Fund balances - end of year	<u>\$ 81,848</u>	<u>\$ 53,778</u>	<u>\$ 18,280</u>	<u>\$ 153,906</u>

VILLAGE OF WOLVERINE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended February 28, 2006

Net Change in Fund Balances - Total Governmental Funds	\$ (14,040)
--	-------------

Amounts reported for governmental activities in the statement
of net assets are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of these assets is allocated over
their estimated useful lives as depreciation.

Expenditures for capital assets	21,261
Current year depreciation	(9,179)

Debt issued provides current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the statement of net assets.
repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued	(21,261)
Principal repaid	<u>2,989</u>

Change in Net Assets of Governmental Activities	<u><u>\$ (20,230)</u></u>
---	---------------------------

VILLAGE OF WOLVERINE
NOTES TO FINANCIAL STATEMENTS
February 28, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village operates under a Council-President form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, public improvements, planning and zoning, culture – recreation, and general administrative services.

The Village's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Village's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant policies used by the Village of Wolverine:

REPORTING ENTITY

The accompanying financial statements have been prepared in accordance with criteria established by GASB No. 14, and amended by GASBS No. 39. GASBS 14 states that the primary basis for determining whether outside agencies and organizations should be considered component units of the Village and included in the Village's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Village reporting entity.

Excluded from the reporting entity:

Wolverine Community School

Community Center Building Authority

Wolverine Fire Department

These are excluded from the reporting entity because the Village does not have the ability to exercise influence or control over their daily operations, approve budgets or provide funding.

BASIC FINANCIAL STATEMENTS – OVERVIEW

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Governmental activities normally are supported by taxes and intergovernmental revenues.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. As a general rule the effect of interfund activity, such as overhead costs, has been eliminated from these statements. The government-wide focus is more on operational efficiency, the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS –CONTINUED

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations are recognized. The Village's net assets are reported in two parts – invested in capital assets, net of related debt; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. This statement reduces gross expenses by related program revenues, which include charges for services, operating grants and capital grants.

The program revenues must be directly associated with the function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The focus of the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources).

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis in the fund financial statements is on the major funds in the governmental activities. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of the governmental funds) for the determination of major funds.

Governmental Funds

The following is a description of the major governmental funds of the Village:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Major and Local Street Funds – The Street Funds account for the operation of the street departments. Primary financing is provided by the Village's share of state gasoline taxes. State law requires these gasoline taxes be used to maintain streets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned, as long as they are both available and measurable. Revenues are available when received within the current period or within 60 days after year-end. Expenditures are recorded in the accounting period in which the liability is incurred, as under full accrual accounting. However, debt service expenditures are recorded only when payment is due.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**Cash and Cash Equivalents**

Cash and cash equivalents are considered to be cash on hand and demand deposits.

Interfund Receivables/Payables

Outstanding balances between funds are reported as "due to/from other funds" on the balance sheet of the fund financial statements.

Capital Assets

Capital assets, which include buildings and equipment, are reported in the government-wide financial statements. Capital assets are recorded by the Village when the initial individual costs are equal to or greater than \$500.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	10 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – CONTINUED

Long-Term Obligations

In the government-wide financial statements, long-term debts are reported as liabilities.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

COMPARATIVE DATA

Comparative data for the prior year is not included in the Village's financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all Governmental funds of the Village.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 1, the President submits to the Village Council a proposed operating budget for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at Village Hall to obtain taxpayer comments.
3. Prior to March 1, the fund budgets are legally enacted through passage of an appropriation act.
4. The budget is adopted at the fund level consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Village Council during the year, and lapse at year-end.

Excess of Expenditures Over Appropriations in Budgetary Funds P. A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted on a fund basis.

During the year ended February 28, 2006, the Village incurred expenditures in one budgetary fund, which was in excess of the amounts appropriated as follows:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
Local Street	\$ 58,600	\$ 68,014	\$ 9,414

NOTE 3: CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Village to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Village is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At February 28, 2006, the carrying amount of the Village's deposits was \$137,422 and the bank balance was \$138,245. Of the bank balance, \$100,000 was covered by federal depository insurance. The Village may experience significant fluctuations in deposit balances through the year.

NOTE 4: PROPERTY TAXES

Property taxes are levied and become a lien on property as of July 1 on the State taxable valuation of property in the Village of the preceding December 31. The Village bills its own property taxes. Property taxes revenues are recognized when levied.

The Village is permitted by statute to levy taxes, subject to State Headlee and Truth in Taxation provisions, up to \$12.50 per \$1,000 of taxable valuation for general governmental services and in unlimited amounts for the payment of principal and interest on long-term debt. The Village Charter also provides for up to \$5.00 per \$1,000 of assessed valuation for necessary highway and street purposes. The 2005 State taxable valuation of the Village of Wolverine totaled \$4,276,813.

The tax rate for the year ended February 28, 2006, was as follows:

<u>Purpose</u>	<u>Rate/Taxable Valuation</u>
General government	\$ 7.4176 per \$1,000
Highways and Streets	\$ 2.9668 per \$1,000

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The interfund balances are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ -	\$ 1,539
Local Street	<u>1,539</u>	<u>-</u>
	<u>\$ 1,539</u>	<u>\$ 1,539</u>

The interfund balances are for delinquent property taxes deposited into the General fund which were for the Local Street fund.

NOTE 6: INTERFUND TRANSFERS

Operating transfers are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Street	\$ -	\$ 10,553
Local Street	<u>10,553</u>	<u>-</u>
	<u>\$ 10,553</u>	<u>\$ 10,553</u>

The operating transfers are for general operations of the Local Street Fund, they were based on 25% of the State funding received in cash during the fiscal 2006 year.

NOTE 7: CAPITAL ASSETS

Capital asset activity, excluding governmental activities, of the Village for the current year was as follows:

	Balance March 1, 2005	Additions	Deletions	Balance February 28, 2006
Governmental Activities				
Buildings	\$ 352,968	\$ -	\$ -	\$ 352,968
Equipment	-	21,261	-	21,261
Subtotal	352,968	21,261	-	374,229
Less accumulated depreciation for:				
Buildings	194,625	8,824	-	203,449
Equipment	-	354	-	354
Subtotal	194,625	9,178	-	203,803
Governmental Activities net capital assets	<u>\$ 158,343</u>	<u>\$ 12,083</u>	<u>\$ -</u>	<u>\$ 170,426</u>

Governmental fund type property, plant and equipment at February 28, 2006 are summarized as follows:

Buildings	\$ 352,968
Equipment	21,261
Total	374,229
Less: accumulated dep.	(203,803)
Net	<u>\$ 170,426</u>

NOTE 8: LONG-TERM DEBT

The following is a summary of the Village's long-term debt transactions for the year ended February 28, 2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental Activities					
Loan payable	<u>\$ -</u>	<u>\$ 21,261</u>	<u>\$ 2,989</u>	<u>\$ 18,272</u>	<u>\$ 7,104</u>

Long-term liabilities payable at February 28, 2006 is composed of the following individual issue:

The Village financed a tractor for \$11,891 and a lawn mower for \$9,370 for 36 months at 0%.

The annual debt service requirements as of February 28, 2006, are as follows:

<u>Year Ending February 28</u>	<u>Governmental Activity Principal</u>
2007	\$ 7,104
2008	7,104
2009	<u>4,064</u>
Total	<u>\$ 18,272</u>

NOTE 9: LEASE

The Village has a lease agreement with the Wolverine Joint Fire Board. The Fire Board leases the Fire Hall from the Village for the cost of the building's property insurance each year. The lease ends in March 2010 and is renewable by the Fire Board at that time.

NOTE 10: RISK MANAGEMENT

The Village belongs to the Michigan Township Participating Plan, a public entity risk pool currently operating as a common risk management and insurance program for various municipalities throughout the state. The Village pays an annual premium for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for 100% of its claims.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF WOLVERINE
Budgetary Comparison Schedule
General Fund
For the Year Ended February 28, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
	Original	Final		
Beginning budgetary fund balance	\$ 75,542	\$ 75,542	\$ 75,542	\$ -
Resources (inflows):				
Taxes	30,000	30,000	32,510	2,510
State revenues	26,660	26,660	41,049	14,389
Charges for services	-	-	5,906	5,906
Interest and rentals	1,750	1,750	2,217	467
Other	750	750	1,368	618
Loan proceeds	-	21,261	21,261	-
Amounts available for appropriations	134,702	155,963	179,853	23,890
Charges to appropriations (outflows):				
General government:				
Council	3,000	3,000	2,049	(951)
President	5,500	5,500	4,502	(998)
Elections	500	500	-	(500)
Professional services	5,000	5,000	4,888	(112)
Clerk / Treasurer	12,000	12,000	12,789	789
Hall utilities and maintenance	4,000	4,000	4,856	856
Insurance	12,000	12,000	10,877	(1,123)
Other	4,260	4,260	927	(3,333)
Total general government	46,260	46,260	40,888	(5,372)
Public safety	3,000	3,000	1,390	(1,610)
Public works	9,000	9,000	16,675	7,675
Recreation and cultural	23,500	23,500	14,802	(8,698)
Capital outlay	2,000	23,261	21,261	(2,000)
Debt service	-	-	2,989	2,989
Total charges to appropriations	83,760	105,021	98,005	(7,016)
Ending budgetary fund balance	<u>\$ 50,942</u>	<u>\$ 50,942</u>	<u>\$ 81,848</u>	<u>\$ 30,906</u>

VILLAGE OF WOLVERINE
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended February 28, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
	Original	Final		
Beginning budgetary fund balance	\$ 46,700	\$ 46,700	\$ 46,700	\$ -
Resources (inflows):				
State revenues	38,000	38,000	38,336	336
Interest and rentals	150	150	515	365
Amounts available for appropriations	84,850	84,850	85,551	701
Charges to appropriations (outflows):				
Public works	23,200	23,200	21,220	(1,980)
Transfers to Local Street Fund	9,500	9,500	10,553	1,053
Total charges to appropriations	32,700	32,700	31,773	(927)
Ending budgetary fund balance	<u>\$ 52,150</u>	<u>\$ 52,150</u>	<u>\$ 53,778</u>	<u>\$ 1,628</u>

VILLAGE OF WOLVERINE
 Budgetary Comparison Schedule
 Local Street Fund
 For the Year Ended February 28, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
	Original	Final		
Beginning budgetary fund balance	\$ 45,704	\$ 45,704	\$ 45,704	\$ -
Resources (Inflows):				
Taxes	12,000	12,000	12,255	255
State revenues	13,000	13,000	17,438	4,438
Interest and rentals	200	200	344	144
Other	25,000	25,000	-	(25,000)
Transfers from Major Street Fund	9,500	9,500	10,553	1,053
Amounts available for appropriations	105,404	105,404	86,294	(19,110)
Charges to appropriations (outflows):				
Public works	58,600	58,600	68,014	9,414
Ending budgetary fund balance	<u>\$ 46,804</u>	<u>\$ 46,804</u>	<u>\$ 18,280</u>	<u>\$ (28,524)</u>